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Reply to Nashville Office

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**VIA HAND DELIVERY** 

Chairman Pat Miller Attn: Sharla Dillon Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, Tennessee 37243-0505

RE: Responses to Data Requests (IRM Utility, Inc. Petition to amend Certificate of Convenience and Necessity, Docket No. 05-00056)

Dear Chairman Miller:

Please find enclosed an original and 13 copies of the above referenced responses. Please date and stamp a copy for our records.

Thank you for your assistance regarding this matter. If you have any questions, or if I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN BOBANGO HELLEN & DUNLAP, PLC

Kristi Stout

### BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

IN RE:	)	
PETITION OF IRM UTILITY, INC. TO AMEND	)	
CERTIFICATE OF CONVENIENCE AND	)	DOCKET NO. 05-00056
NECESSITY TO SERVE AN AREA IN SEVIER	)	
COUNTY, TENNESSEE KNOWN AS	)	
WILD BRIAR RIDGE SUBDIVISION	)	

#### RESPONSES TO TENNESSEE REGULATORY AUTHORITY'S DATA REQUESTS

IRM Utility, Inc., ("IRM"), by and through undersigned counsel of record, hereby provides the following responses to the Tennessee Regulatory Authority's Data Requests:

1. A description of the service IRM proposes to render.

ANSWER: IRM proposes to provide wastewater treatment services to serve forty (40) residential lots that will serve as vacation style cabins for seasonal occupation, permanent residents, and rental programs.

2. The engineering and construction plans for the proposed area.

**ANSWER**: Approved plans are attached as Exhibit A.

3. An estimate of the number of customers to be served initially and any estimates for growth for the first five years. Please include a breakdown of the class of customers served (residential, commercial, apartments, recreational, institutional, etc.).

ANSWER: No customers will be serviced immediately. It is estimated at final build-out that twenty percent (20%) or eight (8) will be full time residences, twenty percent (20%) or eight (8) will be only occupied a part or the year as a vacation home, and sixty percent (60%) or twenty-four (24) will be on local rental programs.

The estimate for the growth for the first five years is as follows:

Year Number	New	Total
	Customers	Customers
1	8	8
2	12	20
3	12	32
4	5	37
5	3	40

#### 4. Financial statements for IRM Utility, Inc. for the most recent twelve (12) months.

ANSWER: The annual report for IRM Utility, Inc. was submitted to the TRA as of April 1, 2005 and is attached as Exhibit B. Also included as Exhibit C is a financial statement prepared by the accounting firm of Cherry Bekaert and Holland.

# 5. A detailed estimate of the cost of construction of the system which should include all capitalized costs (construction, engineering, legal, administrative, etc.)

ANSWER: IRM Utility, Inc. will not supply the costs for the infrastructure of the system. This is managed by the developers and owners of the property, and IRM Utility, Inc. is not privileged to these costs.

## 6. A pro forma statement of the cost of operating the system and estimated revenues for the first five years.

**ANSWER**: Please see the financial statement prepared by the accounting firm of Cherry Bekaert and Holland and attached as Exhibit C.

### 7. The proposed depreciation rates including the estimated useful life of all treatment plant and facilities.

ANSWER: Many of the plastic and fiberglass tanks are warranted for 30 years. Components of the treatment system are warranted from ten to twenty years. Most of the small component parts, which comprise only a minimal part of the overall cost of the system, will not

need to be replaced within the initial five years. It is estimated that a reasonable depreciation would be twenty years.

8. Who will own the facility upon completion of installation? Provide copies of contracts between IRM and the owner of the facility.

ANSWER: Upon completion of the installation of the facility, the Services Agreement Contract, attached as Exhibit D, designates IRM Utility, Inc. as the owner of the facility.

9. Has the permit application for Wild Briar Ridge subdivision been filed with the Tennessee Department of Environment and Conservation? What is the status? If the permit has been received, please provide the number.

**ANSWER**: Yes. The Tennessee Department of Environment and Conservation issued the State Operating Permit, attached as Exhibit E, on March 4, 2005 The facility number is WPC 04-1278, and the permit number is SOP 04067.

10. A detailed map of the utility service area.

**ANSWER**: Please see Exhibit F for a map of the utility service area.

11. Please provide evidence that the utility owns the land has a long-term lease or a written easement where the wastewater facilities are locate.

ANSWER: See the subdivision plat attached as Exhibit G. The plat will be recorded at the Sevier County Courthouse and will indicate any easements and the dedication statement specifying the owners. Additionally, the contract, attached as Exhibit D, indicates the agreement between the owners and IRM Utility, Inc.

Respectfully submitted,

FARRIS MATHEWS BRANAN BOBANGO HELLEN & DUNLAP, PLC

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Attorneys for Petitioners

### TABLE OF CONTENTS OF EXHIBITS (WILD BRIAR RIDGE SUBDIVISION)

Exhibit A – Approved Engineering and Construction Plans

Exhibit B – IRM Utility, Inc. Annual Report

Exhibit C - Consolidated Financial Statements

Exhibit D – Services Agreement Contract

Exhibit E – State Operating Permit

Exhibit F – Service Area Map

Exhibit G – Subdivision Plat

**EXHIBIT A**